

Message Text

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SUBJECT: ALERT REPORT - GOM ECONOMIC POLICIES

1. SUMMARY: ACTING PRIME MINISTER BUTTIGIEG FOR THIRD YEAR RUNNING USED OPENING OF TRADE FAIR TO PROVIDE COMPREHENSIVE REVIEW OF GOM ECONOMIC DEVELOPMENT POLICIES AND PERFORMANCE HIGHLY PARTISAN TERMS. SPEECH LARDED WITH PEJORATIVE REFERENCES TO PRECEDING GOVERNMENT, AND TOOK CREDIT FOR ACHIEVEMENTS OF INDUSTRIES ESTABLISHED UNDER NATIONALIST GOVERNMENT'S INDUSTRIALIZATION PROGRAM. END SUMMARY.

2. IN ADDRESS AT INAUGURATION XVII MALTA INTERNATIONAL TRADE FAIR ACTING PRIME MINISTER, DR. ANTON BUTTIGIEG, REVIEWED MALTA LABOR PARTY (MLP) ECONOMIC POLICIES. BUTTIGIEG PROMISED LONG AWAITED SEVEN YEAR DEVELOPMENT PLAN TO BE PUBLISHED BEFORE SUMMER OUT. HE ADDED LACK OF PUBLICATION DOES NOT MEAN MLP "GROPPING IN THE DARK AND THAT WE DO NOT KNOW WHAT WE
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ARE DOING." HE SAID ECONOMIC GOALS HIS PARTY LAID DOWN IN ELECTORAL PROGRAM. RESPONDING TO CRITICISM LEVELED AT MLP

ECONOMIC POLICIES, BUTTIGIEG SAID "FACTS HAVE SHOWN THAT OUR POLITICAL ADVERSARIES WERE WRONG AND THAT WE WERE GOING THE RIGHT WAY. TOURISM HAS TAKEN A MOST FAVORABLE TURN THIS YEAR. FIGURES AT 60,824 UP TO MAY 31 ARE 41.4 PERCENT UP ON THOSE FOR THE CORRESPONDING PERIOD LAST YEAR AND THE 1973 FIGURES MAY WELL EXCEED THE FIGURES FOR 1969 (RECORD YEAR) IF THE PRESENT TREND CONTINUES AND NOTHING UNUSUAL HAPPENS. DOMESTIC EXPORTS LAST YEAR INCREASED BY 43 PERCENT TO A RECORD OF 21.6 MILLION MALTA POUNDS. FIGURES FOR JANUARY-APRIL 1973 AT 8.7 MILLION MALTA POUNDS SHOW AN INCREASE OF 1.74 MILLION MALTA POUNDS OVER THE PREVIOUS YEAR'S PERFORMANCE." BUTTIGIEG ADDED "TOTAL PRODUCTION IN THE AIDED SECTOR OF INDUSTRY INCREASED BY 10 MILLION MALTA POUNDS OR 57 PERCENT OVER A PERIOD OF TWO YEARS. FIGURES FOR THE FIRST THREE MONTHS OF THIS YEAR SHOW A FURTHER INCREASE OF 25 PERCENT OVER THE PREVIOUS YEAR'S CORRESPONDING QUARTER. SINCE THIS ADMINISTRATION TOOK OVER UP TO MARCH 1973, THE NUMBER OF NEW JOBS CREATED HAS BEEN OF THE ORDER OF 2,837." BUTTIGIEG ALSO SPOKE OF THE URGENT NEED FOR A NEW INSTITUTION TO PROMOTE LONG TERM FINANCING OF NEW INDUSTRIES BY WAY OF EQUITY PARTICIPATION, LONG TERM LOANS, EXPORT CREDIT OR FINANCIAL GUARANTEES TO THOSE ENTERPRISES OR UNDERTAKINGS WHICH CONTRIBUTE TO INCREASED ECONOMIC ACTIVITY AND WHICH WOULD NOT OTHERWISE EMERGE FOR LACK OF FINANCIAL BACKING. "IT IS TOO EARLY TO ENTER INTO DETAILS, BUT WE ENVISAGE THE NEW INSTITUTION TO BE A SEPARATE ORGANIZATION, RUN ON COMMERCIAL LINES BY PROFESSIONAL BODIES, LOCAL PRIVATE INTERESTS AND SUCH FOREIGN BANKING INTERESTS AS MAY BE GENERALLY INTERESTED IN THE PROJECT." AFTER DISCUSSING TAX REFORMS, BUTTIGIEG SAID A HIGH PRIORITY GOAL OF HIS GOVERNMENT HAS BEEN A REVISION OF THE COMMON MARKET ASSOCIATION AGREEMENT ENTERED INTO BY THE PREVIOUS NATIONALIST GOVERNMENT. THE MLP'S PRINCIPAL GOAL IN THIS REVISION HAS BEEN TO OBTAIN FINANCIAL ASSISTANCE FOR MALTA FROM THE COMMUNITY. BUTTIGIEG ALSO SPOKE ABOUT THE RECENT ESTABLISHMENT OF AIR MALTA, THE PLANNED CREATION OF A NATIONAL SHIPPING LINE TO BE CALLED SEA MALTA, THE PIONEER CORPS AND AFFORESTATION.

3. COMMENT: THE OPENING OF THE MALTA INTERNATIONAL TRADE
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FAIR IS THE ONE OCCASION WHICH THE MLP HAS TAKEN OVER THE PAST THREE YEARS TO DESCRIBE ITS ECONOMIC POLICIES IN A PUBLIC FORUM OUTSIDE PARLIAMENT. THE ANNOUNCEMENT REGARDING THE IMPENDING PUBLICATION OF THE SEVEN YEAR DEVELOPMENT PLAN MAY BE RELATED TO THE ARRIVAL ON JULY 1 OF UN CONSULTANT AND ECONOMIST LORD BALOGH FOR A THREE WEEK VISIT. LORD BALOGH IS ONE OF THE FEW INTERNATIONAL CONSULTANTS WHO HAS ENJOYED THE PM'S CONFIDENCE IN DRAWING UP THE NEW DEVELOPMENT PLAN. SOME OF BUTTIGIEG'S REMARKS WERE, OF COURSE, RECOGNIZED BY HIS AUDITORS AS PURE POLITICAL PROPAGANDA.

THE INCREASES IN DOMESTIC EXPORTS AND IN
INDUSTRIAL PRODUCTION OVER THE PAST TWO YEARS CANNOT BE ATTRIBUTED TO THE MLP'S POLICIES WHICH HAVE ONLY BEGUN TO HAVE AN IMPACT ON THE ECONOMY. PERHAPS THE MOST OUTRAGEOUS ASSUMPTION WHICH BUTTIGIEG MADE WERE THAT THE ESTABLISHMENT OF THE PIONEER CORPS WILL WITH ONE STROKE ELIMINATE MALTA'S UNEMPLOYMENT PROBLEM BY CREATING 4,000 NEW JOBS, THUS BRING THE RATE OF UNEMPLOYMENT DOWN TO THE PREVAILING LEVEL OF A FEW YEARS AGO, THAT IS APPROXIMATELY 4,000 THOUSAND.GETZ

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